



OHIO AUDITOR OF STATE
KEITH FABER



WAYNE TOWNSHIP
TUSCARAWAS COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Wayne Township
Tuscarawas County
9633 Copperhead Rd. NW
Sugarcreek, OH 44681

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Wayne Township, Tuscarawas County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Wayne Township, Tuscarawas County, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Notes 10 and 11 to the financial statements for the years ending December 31, 2019 and 2018, respectively, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 21, 2020

Wayne Township

Tuscarawas County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$62,153	\$390,891	\$0	\$453,044
Charges for Services	0	11,350	0	11,350
Licenses, Permits and Fees	2,119	1,600	0	3,719
Intergovernmental	41,629	399,150	3,615	444,394
Earnings on Investments	8,687	518	0	9,205
Miscellaneous	1,002	14,364	0	15,366
<i>Total Cash Receipts</i>	<u>115,590</u>	<u>817,873</u>	<u>3,615</u>	<u>937,078</u>
Cash Disbursements				
Current:				
General Government	81,072	54,458	0	135,530
Public Safety	0	70,578	0	70,578
Public Works	5,418	327,213	0	332,631
Health	1,454	5,060	0	6,514
Capital Outlay	0	215,173	3,615	218,788
<i>Total Cash Disbursements</i>	<u>87,944</u>	<u>672,482</u>	<u>3,615</u>	<u>764,041</u>
<i>Excess of Receipts Over Disbursements</i>	<u>27,646</u>	<u>145,391</u>	<u>0</u>	<u>173,037</u>
Other Financing Receipts (Disbursements)				
Advances In	257,143	138,171	0	395,314
Advances Out	(138,171)	(257,143)	0	(395,314)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>118,972</u>	<u>(118,972)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	146,618	26,419	0	173,037
<i>Fund Cash Balances, January 1</i>	<u>130,937</u>	<u>455,471</u>	<u>0</u>	<u>586,408</u>
Fund Cash Balances, December 31				
Restricted	0	481,890	0	481,890
Assigned	277,555	0	0	277,555
<i>Fund Cash Balances, December 31</i>	<u>\$277,555</u>	<u>\$481,890</u>	<u>\$0</u>	<u>\$759,445</u>

See accompanying notes to the basic financial statements

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Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Wayne Township, Tuscarawas County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township was contracting with Smith Ambulance for Medic assists and EMS billing until they discontinued service to the Township in May 2019 for EMS billing services. The Township now contracts with Ohio Billing in Bolivar, Ohio, for EMS billing needs.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Road and Bridge and Road District Funds This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Fund This fund receives property tax money for fire protection services.

FEMA Grant Fund This fund receives FEMA money from grants that we have received for specific items or equipment.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Funds:

Misc. Capital Projects Fund This fund receives money for specific capital projects.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,854	\$115,590	\$7,736
Special Revenue	805,860	817,873	12,013
Capital Projects	3,615	3,615	0
Total	\$917,329	\$937,078	\$19,749

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$357,763	\$87,944	\$269,819
Special Revenue	1,142,336	672,482	469,854
Capital Projects	3,615	3,615	0
Total	\$1,503,714	\$764,041	\$739,673

Note 4 – Deposits and Investments

The Township maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2019
Demand deposits	\$83,934
Certificate of Deposit Account Registry Services (CDARS)	675,511
Total deposits	\$759,445

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts. The State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through 14 appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – Risk Management (Continued)

Risk Pool Membership (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

	2019
Assets	<u>\$15,920,504</u>
Liabilities	<u>(11,329,011)</u>
Members Equity	<u><u>\$4,591,493</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Four of the Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Township Firefighters are not full time employees and are not eligible for the Ohio Police and Fire Pension retirement. Additionally, firefighters are not defined as public employees within the Ohio Revised Code and are not eligible for OPERS. The Township withholds and pays Social Security for these employees.

Social Security

Eighteen of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0.0 percent during calendar year 2019.

Note 9 – Health Insurance

The Board participates in the Tuscarawas County Healthcare Consortium (the “Consortium”), which is a legally separate entity organized under Ohio Revised Code Chapter 167. The Consortium was established on January 1, 2017, formed by certain political subdivisions located within Tuscarawas County, for the purpose of obtaining medical and hospitalization benefits. The Consortium acts as a governmental risk pool for health insurance (including prescription and vision) coverage for its 29 member subdivisions. The Consortium has a Board of Directors consisting of five members. The Fiscal Agent is responsible for administering the financial transactions of the Consortium. For 2019, Tuscarawas County served as Fiscal Agent for the Consortium. Member contributions are used to provide medical, hospitalization, prescription drug and vision insurance benefits as provided for in the Member’s Plan Document and as established by law. The Board of Directors determines, at their discretion, the insurance benefits to be provided by or through the Consortium. Insurance limits, types of claims covered, eligibility for benefits and any deductibles shall be approved by the governing board of each member and shall be described in the Member’s Plan Document. The risk of loss for loss transfers from the member subdivisions to the Consortium upon payment of the monthly premium.

The Consortium’s audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31:

	2019
Assets	\$1,191,033
Liabilities	(\$1,423,046)
Net Position	(\$232,013)

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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Wayne Township

Tuscarawas County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$60,310	\$223,821	\$0	\$284,131
Charges for Services	0	15,770	0	15,770
Licenses, Permits and Fees	2,035	6,500	0	8,535
Intergovernmental	40,925	135,729	906	177,560
Earnings on Investments	7,623	604	0	8,227
Miscellaneous	914	9,203	0	10,117
<i>Total Cash Receipts</i>	<u>111,807</u>	<u>391,627</u>	<u>906</u>	<u>504,340</u>
Cash Disbursements				
Current:				
General Government	84,039	62,033	0	146,072
Public Safety	0	77,385	0	77,385
Public Works	5,360	206,949	0	212,309
Health	1,486	4,799	0	6,285
Capital Outlay	0	128,073	906	128,979
Debt Service:				
Principal Retirement	0	4,345	0	4,345
Interest and Fiscal Charges	0	57	0	57
<i>Total Cash Disbursements</i>	<u>90,885</u>	<u>483,641</u>	<u>906</u>	<u>575,432</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,922</u>	<u>(92,014)</u>	<u>0</u>	<u>(71,092)</u>
Other Financing Receipts (Disbursements)				
Advances In	0	118,972	0	118,972
Advances Out	(118,972)	0	0	(118,972)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(118,972)</u>	<u>118,972</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(98,050)	26,958	0	(71,092)
<i>Fund Cash Balances, January 1</i>	<u>228,987</u>	<u>428,490</u>	<u>0</u>	<u>657,477</u>
Fund Cash Balances, December 31				
Restricted	0	455,448	0	455,448
Assigned	130,937	0	0	130,937
<i>Fund Cash Balances, December 31</i>	<u>\$130,937</u>	<u>\$455,448</u>	<u>\$0</u>	<u>\$586,385</u>

See accompanying notes to the basic financial statements

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Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Wayne Township, Tuscarawas County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Smith Ambulance to provide ambulance services, as well as for billing insurance companies for EMS runs made by the Township.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

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Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund The gasoline tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Road and Bridge and Road District Funds This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fire Fund This fund receives property tax money for fire protection services.

FEMA Grant Fund This fund receives FEMA money from grants that we have received for specific items or equipment.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Funds:

Misc. Capital Projects Fund This fund receives money for specific capital projects.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,687	\$111,807	\$8,120
Special Revenue	637,931	391,627	(246,304)
Capital Projects	906	906	0
Total	\$742,524	\$504,340	(\$238,184)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$332,673	\$90,885	\$241,788
Special Revenue	1,066,409	634,669	431,740
Capital Projects	906	906	0
Total	\$1,399,988	\$726,460	\$673,528

Note 4 – Deposits and Investments

The Township maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

Demand deposits	2018 \$145,048
Certificate of Deposit Account Registry Services (CDARS)	441,337
Total deposits	\$586,385

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts. The State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Property Taxes (Continued)

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Interfund Balances

Outstanding advances at December 31, 2018, consisted of \$118,972 advanced to the FEMA fund to cover the payment on the finished chassis, until the tanker installation is completed. The Township will then receive funds from a FEMA grant to use towards the purchase of a new fire tanker truck.

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to § 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through 14 appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Risk Management (Continued)

Risk Pool Membership (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

	2018
Assets	<u>\$15,065,412</u>
Liabilities	<u>(10,734,623)</u>
Members Equity	<u>\$4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Four of the Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Township Firefighters are not full time employees and are not eligible for the Ohio Police and Fire Pension retirement. Additionally, firefighters are not defined as public employees within the Ohio Revised Code and are not eligible for OPERS. The Township withholds and pays Social Security for these employees.

Social Security

Eighteen of the Township's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Wayne Township
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0.0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 10 – Health Insurance

The Board participates in the Tuscarawas County Healthcare Consortium (the “Consortium”), which is a legally separate entity organized under Ohio Revised Code Chapter 167. The Consortium was established on January 1, 2017, formed by certain political subdivisions located within Tuscarawas County, for the purpose of obtaining medical and hospitalization benefits. The Consortium acts as a governmental risk pool for health insurance (including prescription and vision) coverage for its 29 member subdivisions. The Consortium has a Board of Directors consisting of five members. The Fiscal Agent is responsible for administering the financial transactions of the Consortium. For 2018, Tuscarawas County served as Fiscal Agent for the Consortium. Member contributions are used to provide medical, hospitalization, prescription drug and vision insurance benefits as provided for in the Member’s Plan Document and as established by law. The Board of Directors determines, at their discretion, the insurance benefits to be provided by or through the Consortium. Insurance limits, types of claims covered, eligibility for benefits and any deductibles shall be approved by the governing board of each member and shall be described in the Member’s Plan Document. The risk of loss for loss transfers from the member subdivisions to the Consortium upon payment of the monthly premium.

The Consortium’s audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31:

	<u>2018</u>
Assets	\$1,476,422
Liabilities	<u>(\$1,749,147)</u>
Net Position	<u><u>(\$272,725)</u></u>

Note 11 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Wayne Township
Tuscarawas County
9633 Copperhead Rd. NW
Sugarcreek, Ohio 44681

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Wayne Township, Tuscarawas County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated September 21, 2020 wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit, and we also noted the potential impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 21, 2020

OHIO AUDITOR OF STATE KEITH FABER



WAYNE TOWNSHIP

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/6/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov